



J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 21, 2004

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **ETTIE LEE HOMES CONTRACT REVIEW**

We have completed a contract compliance review of Ettie Lee Homes (or Agency), a Department of Mental Health Services service provider. The review was conducted as part of the Auditor-Controller's Centralized Contract Monitoring Pilot Project.

**Background**

The Department of Mental Health (DMH) contracts with Ettie Lee Homes, a private, non-profit, community-based organization, which provides services to children and their parents primarily located in Service Planning Area (SPA) 3. Services include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan. Our review focused on the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) service, which is Medi-Cal's comprehensive and preventive child health program for individuals under the age of 21. At Ettie Lee Homes, the EPSDT billable services include mental health services, medication support services, therapeutic behavioral services, case management (Brokerage) and day rehabilitation. Ettie Lee Homes is located in the First District.

DMH paid Ettie Lee Homes \$115.14 for each day that a client participated in its day rehabilitation program and paid between \$1.71 and \$4.23 per minute of staff time (\$102.60 and \$253.80 per hour) for other services. For Fiscal Year 2002-03, DMH paid Ettie Lee Homes a total of approximately \$1.5 million in EPSDT funds.

**Purpose/Methodology**

The purpose of the review was to determine whether Ettie Lee Homes was providing the services outlined in their contract with the County. We also evaluated whether the Agency achieved planned service and staffing levels. Our monitoring visit included a

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review of Ettie Lee Homes' billings, participant files, personnel and payroll records. We also interviewed staff from Ettie Lee Homes and interviewed certain participants' social workers or probation officers.

### **Results of Review**

Overall, Ettie Lee Homes is providing the services outlined in the County contract. Ettie Lee Homes uses qualified staff to perform the services and interviews with the participants' social workers or probation officers determined that the program services met their expectations.

Generally, Ettie Lee Homes sufficiently documented the service minutes billed to DMH. However, it did not always sufficiently document the service days billed to DMH. Specifically, for six (60%) of the ten service days sampled, the clinicians did not document what services they provided to assist the client in achieving their goals. In addition, Ettie Lee Homes recently changed its service delivery focus without submitting a written request to the DMH Director for written approval, as required by the contract.

We recommend that Ettie Lee Homes management strengthen its documentation controls to ensure that it can support all the services billed to DMH and meet the contract requirements. We also recommend that Ettie Lee Homes submit a written request to DMH's Director and obtain written approval before making deviations from the services described in the contract. We have attached the details of our contract compliance review, along with recommendations for corrective action.

### **Review of Report**

On March 29, 2004, we discussed the results of our review with Ettie Lee Homes. In their attached response, Ettie Lee Homes generally agreed with our findings. We thank Ettie Lee Homes for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1122.

JTM:DR:DC

c: David E. Janssen, Chief Administrative Officer  
Department of Mental Health  
Dr. Marvin J. Southard, Director  
Susan Kerr, Chief Deputy Director  
John Hatakeyama, Deputy Director, Children's System of Care  
Clayton L. Downey, President & CEO, Ettie Lee Homes  
Violet Varona-Lukens, Executive Officer  
Public Information Office  
Audit Committee

**CENTRALIZED CONTRACT MONITORING PILOT PROJECT  
EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT SERVICE  
FISCAL YEAR 2003-2004  
ETTIE LEE HOMES**

**BILLED SERVICES**

**Objective**

Determine whether Ettie Lee Homes provided the services billed in accordance with their contract with DMH.

**Verification**

We sampled 3,245 service minutes from 27,865 service minutes that Ettie Lee Homes billed DMH, for November and December 2003. We also sampled 10 service days from 1,249 service days billed by Ettie Lee Homes during the same period. We reviewed the participant files for documentation to support the services billed.

**Results**

Generally, Ettie Lee Homes documented the service minutes billed to DMH. However, for six (60%) service days sampled, the Agency's clinicians did not document what services they provided to assist the client in achieving their goals, as required by the contract. The Agency billed DMH approximately \$700 for these services.

Ettie Lee Homes also billed DMH for staff time that did not qualify for program billings. One hundred thirty-five (4%) of the 3,245 service minutes billed related to time that staff spent traveling that was not linked to a direct service provided to a participant, which is prohibited by the contract. After we informed them of this issue, Ettie Lee Homes submitted an adjustment to correct the over billing (135 minutes).

**Recommendation**

1. **Ettie Lee Homes management maintain sufficient documentation to support its billings to DMH and only bill DMH for eligible program services.**

**CLIENT VERIFICATION**

**Objectives**

Determine whether the program participants actually received the services that Ettie Lee Homes billed DMH and whether participants were eligible to receive services.

**Verification**

We sampled 10 program participants, interviewed their social worker or probation officer to confirm that the participants are clients of Ettie Lee Homes, and received the services that the Agency billed DMH. We also reviewed documentation in the participant files to determine whether participants were eligible to receive services.

**Results**

No exceptions. Each social worker or probation officer we contacted indicated that the participant was a client of Ettie Lee Homes. Documentation in the case file supported the participants' eligibility. In addition, the social workers or probation officers stated they were satisfied with the services provided by Ettie Lee Homes. The social workers and probation officers also confirmed that the number and time of visits billed by Ettie Lee Homes appeared accurate.

**Recommendations**

**There are no recommendations for this section.**

**STAFFING LEVELS****Objective**

Determine whether staffing levels are consistent with the staffing levels and ratio requirements indicated in the County contract. Contractors are required to maintain a 1:10 ratio of the number of Qualified Mental Health Professional (QMHP) staff to the total number of clients in its Day Rehabilitation Program.

**Verification**

We interviewed Ettie Lee Homes' Vice President of Clinical Services and Day Rehabilitation Program Director. We also compared the budgeted staff indicated in the contract with the current staff schedule, labor distribution report, and timecards. We also selected 10 days that Ettie Lee Homes billed for its Day Rehabilitation Program and reviewed the staff attendance sheets, client attendance sheets, and participant files, for November and December 2003.

**Results**

No exceptions. Ettie Lee Homes' actual staffing levels were similar to the staffing levels proposed in their budget. In addition, we verified that Ettie Lee Homes maintained the appropriate staffing ratios in its Day Rehabilitation Program.

**Recommendations**

There are no recommendations for this section.

**STAFFING QUALIFICATIONS****Objective**

Determine whether Ettie Lee Homes' staff meets the qualifications required by the DMH contract.

**Verification**

We selected 10 Ettie Lee Homes treatment staff and reviewed each staff's personnel file for documentation to confirm their qualifications. In addition, we reviewed the qualifications of each staff person that performed the service in our sample of billed services.

**Results**

No exceptions. Each staff sampled possessed the required education, work experience and licensure identified in DMH contract.

**Recommendations**

There are no recommendations for this section.

**SERVICE LEVELS****Objective**

Determine whether services reported by Ettie Lee Homes, for July 2003 through December 2003, did not significantly vary from planned services levels indicated in the contract.

**Verification**

We obtained a report of EPSDT billings from the State Explanation of Benefits report for July 2003 through December 2003 and compared it with the Ettie Lee Homes' planned level of services identified in the contract for the same period.

**Results**

During the first six months of FY 2003-04, Ettie Lee Homes operated within its overall targeted service level of \$1 million. However, the actual service levels varied significantly from planned service levels for specific types of services provided by the Agency. For example, Ettie Lee Homes provided 25% (\$163,000) less Day Rehabilitation services and 71% (\$104,000) less Mental Health services than the planned service levels identified in their County contract. During the same timeframe, the Agency exceeded the planned Medication Support service levels by 62% (\$61,500). In addition, the Agency indicated that it adjusted its service delivery to better service the participants. However, Ettie Lee Homes did not obtain written approval from DMH's Director before making deviations from the planned services described in the contract, as required.

**Recommendation**

- 2. Ettie Lee Homes management submit a written request to DMH's Director and obtain written approval before making deviations from the planned services described in the contract.**



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June 2, 2004

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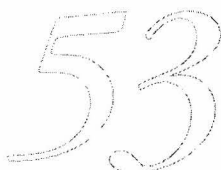
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Years of Service to  
Children and Families

J. Tyler McCauley  
Los Angeles County Auditor-Controller  
500 West Temple Street, Room 525  
Los Angeles CA 90012-2766

Re: Auditor-Controller's Centralized Contract Monitoring Pilot Project:  
Ettie Lee Youth and Family Services, a Department of Mental Health Service  
Provider

Dear Mr. McCauley,

We have reviewed the report issued from your office following the audit by your staff of our EPSDT services provided to children under our care. We were the second agency to be audited under this Pilot Project. It is our understanding that the purpose of this Pilot Project is to evaluate the pros and cons of the Auditor-Controller's office assuming the function of monitoring contractor performance for the Department of Mental Health.

Our agency substantially agrees with the audit findings overall. The only area of disagreement was regarding the inconsistent application of minimum documentation requirements for Day Rehabilitation services. The audit findings indicated that overall Ettie Lee Homes is providing the contract services; that our agency utilizes qualified staff to provide the services; and sufficiently billed the number of service minutes to DMH. However, there was disagreement regarding expectations for minimum documentation requirements for the Day Rehabilitation Services and how interventions were documented. This resulted in some negative findings for our agency in this area.

Ettie Lee Homes seeks to provide the best possible services to the children we serve and seek ongoing quality improvement in our documentation to meet the expectations of all of our contracts. Based on our experience with the audit, our agency recommends that it would be of mutual benefit to the Department of Mental Health, the providers of services to the community, the consumers of services, the auditors and the County that the interpretation of the minimum documentation requirements be consistent between auditors, trainers and service providers. If the decision of whether a provider is to be paid for a service is contingent upon the wording of a progress note, providers must know specifically what must be in the note and the expectation needs to remain consistent across trainers, audit content, and audit teams, regardless of the department selected to complete the audits. However, we further recommend that the decision to disallow a service be based on

broader criteria than strictly the wording of a section of a progress note to substantiate that a service was provided according to DMH standards.

The audit only identified two areas that indicated a need for recommendations:

Recommendation 1: "Ettie Lee Homes management maintain sufficient documentation to support its billings to DMH and only bill DMH for eligible program services."

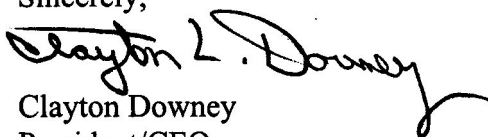
Response: Ettie Lee Homes management will seek further clarification and training from the Department of Mental Health regarding minimum documentation requirements for services rendered and provide additional training to all service providers based on the clarification and training received.

Recommendation 2: "Ettie Lee Homes management submit a written request to DMH's Director and obtain written approval before making substantial deviations from the planned services described in the contract."

Response: Ettie Lee Homes Management will comply with contract requirements to submit a written request to DMH's Director and obtain written approval before making substantial deviations within the planned services described in the contract. This will be completed in addition to planning meetings and discussions with DMH program staff whenever changes are being requested.

We wish to thank the Auditor Controller's audit team for the professional and collaborative process that took place both in the audit itself and in review and finalization of the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Clayton L. Downey", with a stylized flourish at the end.

Clayton Downey  
President/CEO